

COFIDE Thematic Bonds Framework 2024



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1. Introduction

1.1 Country Context

Peru's Strategic Development Plan¹, as part of Peru's Vision for 2050, establishes that sustainable management of nature and measures to address climate change are based on the sustainable use of ecosystems involving all local stakeholders, ensuring harmonious, pollution-free and healthy social and economic development for all people over time, in the context of climate change.

In this context, there is an expectation to protect marine, coastal and Andean geographic diversity -including glaciers- and Amazonian areas, whilst conserving biological wealth and making efficient and sustainable use of natural resources. To this end, environmental education and research will be promoted, as well as the responsible and informed participation of the private sector and civil society in environmental decision-making; extractive activities are already governed by high environmental standards, promoting dialogue, citizen participation and prior consultation with indigenous peoples; water resources are efficiently managed for their rational, appropriate, equitable and sustainable use; sustainable production mechanisms and consumption habits are developed; and efficient solid waste management is encouraged.

In the area of social development, continuous economic growth will be promoted, with competitiveness, decent employment and environmental sustainability within the framework of a social market economy. Another important challenge is the significant reduction of the infrastructure deficit, a favorable and stable political and legal climate to attract private investment, as well as the promotion of innovation, research, creation, adaptation and technological and scientific transfer.

In Peru, according to the climate crisis scenario proposed by Ceplan (Ceplan, 2022), the future will have consequences that are difficult to avoid. Adverse consequences of climate change may significantly be more severe in some regions than in others because of Peru's geographic location and its physical and topological characteristics.. Likewise, climate change would be altering the population's risk levels, which will depend on their vulnerability and exposure to sudden or slow-onset climatic phenomena, considering the current trend of increasing duration, frequency and intensity of these climatic phenomena, according to the latest IPCC report (2022).

This is in spite of Peru having approximately 2% of the world's forests (FAO, 2020b), 1.89% of the world's freshwater reserves and valuable non-renewable resources (21.4% of the world's silver mining reserves; and, moreover, it ranks second in the world with the largest copper and molybdenum reserves; fourth in lead reserves; and, fifth in zinc).

At the national policy level, it is important to highlight that Peru has a National Competitiveness and Productivity Plan for the period 2019-2030 approved by Supreme Decree 237-2019-EF. This plan is made up by 9 policy measures and priority objectives, being that Priority Objective 4 on financing which includes Measure 4.5 on green financial instruments. This measure intends to redirect Peru towards a green economy considering the direction of capital flows from the financial system towards projects that generate positive impacts on the environment. Its lines of action include the development and promotion of specialized green financial instruments that allocate resources to the development of cleaner and less polluting technologies and to businesses that use these technologies. Thus, this Thematic Bond Framework of COFIDE as a development bank is based on the country's economic, social and environmental challenges, and its general objective is to finance environmental and social programs and projects aimed at achieving the principles of a respectable and productive society with a sustainable management of natural resources, especially through its work with small and medium-sized enterprises (MSMEs) based on its financial intermediation services.

¹ Approved by Supreme Decree 095-2022-PCM dated July 28, 2022, Centro Nacional de Planeamiento Estratégico-CEPLAN (<https://www.gob.pe/institucion/ceplan/campa%C3%B1as/11228-peru-plan-estrategico-de-desarrollo-nacional-al-2050>)



Table 1. Peru in figures

Economic Indexes (In million S/)	2020	2021	2022
Gross Domestic Product	487,191	552,560	567,390
Exports	123,941	147,785	156,554
Imports	127,771	161,436	168,269
Private Expense consumption	319,909	359,601	372,657
Government Expense consumption	74,004	77,483	76,615

Source: Instituto Nacional de Estadística e Informática – INEI

Social Indexes	2020
Total Population	32,131,400
Men	15,938,284
Women	16,193,116
Rural Population (year 2017)²	6,069,991
Total economically active population (year 2021)	18 149,400
Urban Area	14,231,000
Rural Area	3,918,400
Per capital Income (S/)	23,730

Source: Instituto Nacional de Estadística e Informática – INEI

² Evolution of rural population documented in census, by departamento and census year: <https://www.inei.gov.pe/estadisticas/indice-tematico/poblacion-y-vivienda/>



2. COFIDE in Peru

Corporación Financiera de Desarrollo S.A. (COFIDE) is the Development Bank of Peru.

It is a State owned company with mixed shareholders as it is organized as a corporation, with administrative, economic and financial autonomy. It is governed by Legislative Decree No. 206, as amended by Law 25382, Decree Law 25694, Law 27170, Law of the National Fund for Financing the State's Entrepreneurial Activity and its Regulations, approved by Supreme Decree 072-2000-EF, Legislative Decree and its Regulations, approved through 1031, Legislative Decree that promotes the efficiency of the State's entrepreneurial activity, and its Regulations, approved by Supreme Decree 176-2010-EF; and, as applicable, by Law No. 26702, General Law of the Financial System and the Insurance System and Organic Law of the Superintendence of Banking and Insurance and Law 26887, General Corporate Law.

COFIDE's aim is to contribute to the thorough development of the country by raising funds and providing financial intermediation for the promotion and financing of productive investments and public and private infrastructure at the national level.

COFIDE is part of the National Financial System and is authorized to carry out all financial intermediation operations permitted by law, its bylaws and, in general, all kinds of related operations.

2.1 Legal Framework

Its operations are governed by Legislative Law 206, as amended by Law 25382, Decree Law 25694, Law 27170 and its regulations, approved through Supreme Decree 072-2000-EF, Legislative Decree 1031 which promotes the efficiency of the State's Entrepreneurial Activity, its Regulations, approved by Supreme Decree 176-2010-EF, Furthermore, when applicable, COFIDE is also governed, supplementarily, by Law 26702 - General Law of the Financial System and the Insurance System and Organic Law of the Superintendency of Banking, Insurance and Private Pension Fund Administrators (SBS), as well as by Law 26887 - General Corporate Law.

As a development bank, COFIDE frames its actions within the "principle of subsidiarity" of State action as a supplementary function in the face of the imperfections or omissions of economic agents for the common good. In accordance with this principle, the State assumes social roles in areas such as the promotion of employment, health, education, security, public services and infrastructure³.

³ According to Strategic Plan 2022-2026.

2.1.1 Shareholder Structure

This is COFIDE's shareholder structure as of December 2023:

Shareholder	Share Percentage	Economic Activity
<p>FONAFE Fondo Nacional de Financiamiento de la Actividad Empresarial (National Fund for the Financing of Entrepreneurial Activity)</p> 	99.37%	Public Sector, economy and finances
<p>CAF Banco de Desarrollo de América Latina (Latin America Development Bank)</p> 	0.55%	Financial Sector
COFIDE-PREFERRED IN TREASURY	0.08%	Financial Sector

Fuente: COFIDE

2.2 Purpose

COFIDE's purpose is to promote the sustainable development of Peru, enabling access to funds and opportunities for people and businesses in line with the following:

- Identify, understand and provide support to key stakeholders for national development.
- Design and manage financial products, programs and projects.
- Manage the Corporation responsibly and effectively.
- Promote the development of its team of highly trained, innovative professionals committed to the country's development.

Mission To be an engine of sustainable and inclusive development of the country, promoting its productivity and competitiveness, providing financing and other financial services.

Vision To be recognized as a recognized Development Bank, with a high impact on the sustainable and inclusive development of Peru, under a sustainable management framework of the organization.

Values

Vocation of service: We see the future of Peru with empathy “Generating welfare emerging together”.

Integrity: We are genuine and consistent between what we think, say and do, acting with honesty and loyalty in favor of the sustainable development of our country.

Commitment: We are committed to the sustainable development of our country, generating the greatest economic, social and environmental impact in all our actions.

Excellence: We continuously and innovatively seek to do things better, achieving the satisfaction of our stakeholders.

Principles

- Alignment with public policies
- Triple Impact Results (economic, social and environmental)
- Financial complementarity of private activity
- Generate added value as a resource catalyst and articulator.
- Address market failures / Support closing of gaps





2.3 Business Lines

COFIDE, in its role as a development bank, seeks to provide solutions to the main social, economic and environmental problems of the country, especially focused on the consolidation of micro and small enterprises through intermediation management, the development of inclusive value chains and the development of useful tools to promote the growth of micro and small enterprises.

The implementation of the strategic objectives is achieved through the financing of programs and projects focused on the following business lines:

- **Development financing:** We offer a wide range of financial products designed to boost the development of different sectors of the Peruvian economy. These include long-term loans, lines of credit and guarantees for infrastructure projects, energy, transportation, housing, agribusiness, tourism and other strategic sectors.
- **Support for small and medium-sized enterprises:** We recognize the importance of micro, small and medium-sized enterprises (MSMEs) as engines of the Peruvian economy. Therefore, we provide financial products specially designed for this sector, such as loans and lines of credit at competitive rates, technical advice, and access to training programs. COFIDE (through its financial intermediation management) was the main creditor, with a share of 34.04% of the microfinance system's total debtors. Likewise, since 2015 we have supported the asset building of the municipal savings banks as well as the strengthening of their good corporate governance.
- **Promoting financial inclusion:** We are committed to promoting financial inclusion in Peru, especially in rural areas and underserved communities. We work in collaboration with other financial institutions to develop financial products and services that are accessible and adapted to the needs of these populations. We also support the implementation of financial education programs to improve financial literacy and empower people to make informed financial decisions. We developed the Inclusive and Sustainable Value Chain program to achieve financial inclusion of MSMEs, mainly in the agricultural sector.
- **Sustainable management and social responsibility:** We are committed to sustainable management and corporate social responsibility. We promote investment in projects that generate a positive social and environmental impact, such as renewable energies, energy efficiency, environmental protection and community development. In addition, as an institution, we seek to be a model of good practices in the financial sector, promoting transparency, ethics and compliance with the highest standards of corporate governance.

Therefore, for more than 52 years it has been working for a clear purpose: To promote the sustainable and inclusive development of the country, boosting its productivity and competitiveness through financial services, the implementation of policies that promote their growth, and promoting financial education initiatives that benefit Peruvians.

Each of these areas is explained below:

<p>Investment in infrastructure</p>	<p>Financing projects that help reducing the infrastructure gap that currently exists in Peru.</p> <p>As of the end of 2023, a balance of USD 251 million was placed in projects to close the infrastructure gap.</p> <p>It is worth mentioning that investment in infrastructure from 2018 to 2023 amounted to USD 1.627 billion dollars.</p>
<p>Productive investment</p>	<p>It seeks to complement markets by providing financing to different strategic sectors of the country, such as aquaculture, agribusiness, forestry, sustainable transportation, tourism, among others.</p> <p>Investments in production and corporate projects totaled USD143 million.</p>
<p>Financial intermediation</p>	<p>Area of support for micro, small and medium-sized enterprises.</p> <p>In 2023, USD 922 million dollars in loans were granted to strengthen the microfinance system.</p>
<p>Capital markets</p>	<p>For investments in bonds. COFIDE's investment portfolio includes fixed and variable income instruments.</p> <p>At the end of 2023, the outstanding balance of securities issued in the Local Capital Market amounted to S/ 1,481.8 million (USD 399.5 million), which accounts for 17.6% of the total amount owed. Out of the total outstanding balance, S/ 1,205.7 million correspond to medium and long term Corporate Bonds and S/276.1 million to short term instruments.</p>
<p>Trusts</p>	<p>At the end of 2023, COFIDE manages a portfolio of USD 5.525 billion in trusts.</p> <p>Some of them are: Mivivienda (support for social housing, with a 60% participation), FISE (Energy Social Inclusion Fund), Reactiva Perú (support for companies affected by the COVID 19 pandemic), Impulso Myperu (reactivation of MSMEs) and PROFONANPE (support for Amazonian communities impacted by environmental issues). Likewise, Fondo Crecer, a trust fund made up by funds from the Ministry of Economy and Finance (MEF) benefited a total of 41,071 MSEs and exporting companies have benefited, mainly through its collaterals and credit instruments from June 2019 to December 2023. Crecer Fund has issued collaterals for S/ 4,611.2 million and credits for S/ 262.5 million. Together with the Ministry of the Environment (MINAM) and the Inter-American Development Bank (IDB), the Bio-business Program was implemented to promote the financing of private investment in the Peruvian Amazon with IDB funds for USD 20 million and a non-reimbursable investment of USD 2 million from Capital Natural Lab.</p> <p>In 2023, 6 public and private trusts were added. The public trusts include those aimed at addressing reactivating post-pandemic MSMEs (Impulso Myperu), financial inclusion (FIDER), strengthening companies specializing in microfinance (Fortalecimiento Patrimonial II) and support for companies engaged in bio-business activities located in the Amazon region (Programa para Bionegocios). At the same time, and in coordination with the SBS, two AFOCAT trusts were created (Central Region and Altiplano).</p>

Source: COFIDE

2.4 Alignment to Sustainable Development Goals

COFIDE, as Peru's development bank, is also aligned with the UNDP Sustainable Development Goals (SDGs) (also known as global goals), which are a universal call for action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. There are 17 sustainable development goals, among which COFIDE's alignment and joint efforts with 12 of them stand out⁴:

Sustainable Development Goal - SDG	COFIDE's Alignment to SDGs	Actions Taken
	<p>"End poverty in all its forms remains one of the major challenges faced by humanity."</p>	<ul style="list-style-type: none"> • Financial inclusion and entrepreneurship programs: Innovative Entrepreneurship Capital Fund -PRIDER which includes the development of UNICAS (Credit and Savings Unions). • Economic reactivation programs: FAE Tourism, FAE Textiles, FAE Agro Reactiva • Inclusive and Sustainable Value Chains Program
	<p>"Ensuring inclusive and quality education for all is based on the firm conviction that education is one of the most powerful and proven drivers for achieving sustainable development. To this end, the goal seeks to ensure that all girls and boys complete their primary and secondary education free of charge by 2030."</p>	<ul style="list-style-type: none"> • Entrepreneurial Development Center (CDE) • Innovative Entrepreneurship Capital Fund -PRIDER which includes the development of UNICAS (Credit and Savings Unions). • COFIDE's Talent Program – Development of Leaders
	<p>"Ending all forms of discrimination against women and girls is not only a basic human right, it is also crucial to accelerating sustainable development."</p>	<ul style="list-style-type: none"> • UNICAS Program • COFIDE's Talent Program – Development of Leaders
	<p>"Water scarcity affects more than 40 percent of the world's population, an alarming figure that is likely to grow with rising global temperatures resulting from climate change."</p>	<ul style="list-style-type: none"> • Financing of water and sanitation projects.

4 COFIDE Strategic Plan 2022-2026

Sustainable Development Goal - SDG	COFIDE's Alignment to SDGs	Actions Taken
	<p>“Between 1990 and 2010, the number of people with access to electricity increased by 1.7 billion. However, as the world's population grows, so will the demand for affordable energy.”</p>	<ul style="list-style-type: none"> • Financing of hydroelectric projects with renewable energy sources (Power generated 100MW by 2021). • Financing of the Potrero Hydroelectric Power Plant. • Financing of the Renov Andes H1 hydroelectric Plant. • Ángel I,II y III Hydroelectric Plants. • 8 de Agosto and El Carmen Hydroelectric Plants
	<p>“Over the past 25 years, the number of workers living in extreme poverty has declined dramatically, despite the impact of the 2008 economic crisis and global recessions.”</p>	<ul style="list-style-type: none"> • Credit lines to strengthen the microfinance system. • 13% of its purchases are made from small and medium-size companies.
	<p>“Investment in infrastructure and innovation are key drivers of economic growth and development.”</p>	<ul style="list-style-type: none"> • Financial support to close infrastructure and productive investment gaps. • Airside Rehabilitation Program for the Chiclayo and Piura airports. • Financing of Road Network 4. • Financing of the Potrero Hydroelectric Plant.
	<p>“Income inequality is a global problem that requires global solutions. These include improving regulation and oversight of financial markets and institutions and encouraging development assistance and foreign direct investment for the regions that need it most.”</p>	<ul style="list-style-type: none"> • Economic Reactivation Programs: FAE Tourism, FAE Textiles, FAE Agro, FAE MSE, PAE MSE, Reactiva.
	<p>“More than half of the world's population today lives in urban areas. By 2050, that figure will have risen to 6.5 billion people, two-thirds of humanity. Sustainable development cannot be achieved without radically transforming the way we build and manage urban spaces.”</p>	<ul style="list-style-type: none"> • Financial support to close infrastructure and productive investment, and corporate financing gaps.

Sustainable Development Goal - SDG	COFIDE's Alignment to SDGs	Actions Taken
	<p>“There is no country in the world that has not experienced the dramatic effects of climate change. Greenhouse gas emissions continue to rise and are now 50 percent above 1990 levels. In addition, global warming is causing permanent changes in the climate system, the consequences of which may be irreversible if urgent action is not taken now.”</p>	<ul style="list-style-type: none"> • GCF accreditation process for access to financing lines for projects directly linked to climate change mitigation and adaptation. • COFIDE calculates and offsets its Carbon Footprint in 2021 with REDD+ conservation project of chestnut trees in Madre de Dios, executed by Bosques Amazónicos SAC.
	<p>It aims for conserving and sustainably using the oceans, seas and marine resources for a sustainable development.</p>	<ul style="list-style-type: none"> • COFIDE gives credit for financing Municipal Savings Banks that serve the artisanal fishing segment.
	<p>“The SDGs seek to substantially reduce all forms of violence and work with governments and communities to find lasting solutions to conflict and insecurity. Strengthening the rule of law and promoting human rights is essential to this process, as is reducing the flow of illegal weapons and strengthening the participation of developing countries in the institutions of global governance.”</p>	<p>Through its Annual Corporate Social Responsibility Plan, COFIDE executes agreements with social organizations, ministries and companies to promote actions to benefit the most vulnerable populations.</p>
	<p>“The SDGs can only be achieved with a strong commitment to global partnerships and cooperation. While official development assistance from developed economies increased by 66% between 2000 and 2014, humanitarian crises caused by conflict or natural disasters continue to demand more resources and financial aid.”</p>	<p>Through its Annual Corporate Social Responsibility Plan, COFIDE promotes agreements with social organizations, ministries and companies to promote actions to benefit the most vulnerable populations.</p>



2.5 Governance

COFIDE is governed by the General Shareholders Meeting, the Board of Directors and Top Management which conduct businesses in accordance with its Bylaws and the existing legal regulations.

Decision-making is supported by nine governance committees which are key spaces for strategic decision-making since they ensure compliance with objectives and guarantee the execution of the strategy and actions defined to achieve these goals.

Four of these committees are made up by members of the Board of Directors. They include: a risk committee, an audit ethics and compliance committee, sustainability and corporate governance committee; and a loanrecovery committee. The other five committees are part of COFIDE's Management and they include: management committee, monitoring committee, assets and liabilities committee, gender equality committee; and a digital government committee.

2.6 COFIDE's history in issuing Thematic Bonds

COFIDE has become a permanent issuer in the local capital market and has been a pioneer in the issuance of thematic bonds. It also has more than 20 years of experience in the administration of public and private trusts. These trusts enable the execution of various projects and programs, including those of economic reactivation. All these efforts have one single objective: to promote sustainable development for the benefit of the country. The general scope of COFIDE's thematic bond issues is detailed below.

A continuación se detalla los alcances generales de las emisiones de bonos temáticos que COFIDE ha realizado.

First Green Bond: issued on April 25, 2019

Eligible Category	Allocation of Funds	Background	Results
Renewable Energy	Hydroelectric Plant RenovAndes H1 was refinanced	<p>It is a run-of-river hydroelectric plant with emissions of less than 100g CO_{2e}/kWh, since it has a power density greater than 100 W/m².</p> <p>The power plant capacity is 19.99 MW (<20 MW).</p> <p>The plant has an environmental and social risk assessment conducted by Hatch and Pepsa. The assessment included the project's level of compliance with the Equator Principles and the IFC Performance Standards.</p>	The total S/. 100 million of the Green Bond issued was allocated to the RenovAndes H1 Hydroelectric Plant project in the renewable energy category.

First Sustainable Bond: issued on October 24, 2019

Eligible Category	Allocation of Funds	Background	Results
Clean Transport Social and economic progress and empowerment	Loans were refinanced in the following categories: MSEs financing (S/ 69,795,497) equivalent to 70%, and alternative vehicle financing (S/ 30,204,503) equivalent to 30%.	<p>Financing of vehicles that:</p> <ul style="list-style-type: none"> Promote the transition to a reduction of CO₂ emissions, such as the use of NGVs Result in savings for users (taxi drivers) <p>Financing for MSEs.</p>	<p>COFIDE's first Sustainable Bond and of the Local Financial System was issued on October 25, 2019 for an amount of S/100 million and a term of three years.</p> <p>The interest rate was 3.78125%.</p> <p>The demand was 1.93 times the auctioned amount and the successful bidders of the Bond were Pension Funds (AFPs), Insurance Companies, Mutual Funds, Brokerage Firms, and Public Sector Entities.</p>

First COVID Bond in Peru issued on January 28, 2021

Eligible Category	Allocation of Funds	Background	Results
Financing to MSEs Financing to MSEs affected by COVID	Access to essential services Socio-economic advancement and empowerment Programs designed to prevent and/or alleviate unemployment resulting from socio-economic crises, including through the potential effect of the financing of MSEs	Loans to MSEs facing financial stress as a result of the socioeconomic crisis related to COVID-19, by means of the programs FAE MYPE ⁵ , FAE Tourism ⁶ , FAE Agro ⁷ and PAE Mype ⁸ .	<ul style="list-style-type: none"> • The Social Bond (COVID Bond) amounted to S/143.85 million and a term of three years. • The interest rate was 1.84375%, equivalent to 91 bps compared to the Sovereign Bond • The demand was 2.25 times the amount auctioned and the successful bidders of the Bond were • Public Sector Entities, Mutual Funds, Insurance Companies, AFP's, Financial Institutions and Brokerage Firms.

- 5 El FAE-Mype is a state fund created to guarantee working capital loans for micro and small enterprises (MSEs) of all productive sectors, with terms of 3 years and a grace period of up to 12 months, channeled through the financial system entities and savings and credit cooperatives (COOPAC). It was created by Emergency Decree 029-2020. For this purpose, it has S/ 800 million, which allows it to provide credit lines of up to S/ 4000 million, with individual credit coverage of up to 98%, granted by COFIDE, which is the administrator of the Fund on behalf of the Ministry of Economy and Finance.
- 6 The purpose of FAE TURISMO (created on June 30, 2020 through Emergency Decree 076-2020) is to promote the financing of micro and small enterprises (MSEs) in the tourism sector. On December 17, 2020, the program was modified through Emergency Decree 135-2020 by reducing the amount of such financing to 200 million Soles. Also, on February 11, 2021, the program was modified to grant guarantees to the provider of funds by means of Emergency Decree 018-2021.
- 7 Created with the objective of granting credit risk coverage lines to Financial System Enterprises (ESF) and Savings and Credit Cooperatives not authorized to capture resources from the public (COOPAC), on December 28, 2020, Emergency Decree 140-2020 was published, which amended Emergency Decree 082-2020 on the creation of the National Government Guarantee Program for Agricultural Business Financing. (FAE AGRO).
- 8 On February 12, 2021, Emergency Decree 019-2021 was published, as amended by Emergency Decree 091-2021 of September 30, 2021. This decree created the PAE MYPE program with a fund of 2,000 million Soles, in order to promote the financing of working capital and fixed assets of micro and small companies that were affected by the adverse international and local context, as a result of the continued spread of COVID-19 and the new variant of the virus in the national territory.

Social Bonds issued in 2023

Since October 12, 2023, COFIDE has been auctioning Short Term Social Instruments under COFIDE's Fourth Short Term Instruments Program.

To date, the social issues auctioned are the following:

	ICP - Social		
	Second Series A	Second Series B	Second Series C
Authorized Amount S/.	100,000,000	100,000,000	100,000,000
Claimed Amount S/.	176,225,000	138,935,000	228,410,000
Placed Amount S/.	100,000,000	100,000,000	100,000,000
Balance	100,000,000	100,000,000	100,000,000
Auction Date	12/10/2023	20/12/2023	24/01/2024
Issue Date	13/10/2023	21/12/2023	25/01/2024
Redemption Date	4/10/2023	13/12/2023	17/01/2025
Term	357 días	358 días	358 días
Interest Rate	7.34375%	6.37500%	6.00000%
Spread CDBCRP pbs	84	90	71

The eligible category of the auctioned issues is "Support to MSMEs for the use of financial services" described in this Framework.

2.7 Sustainability Policy

This policy was approved in December 2019, establishing COFIDE's commitment to sustainable development through its operations, with its collaborators, protecting the environment and working conditions with its clients to manage social, environmental and governance impacts.

Likewise, this policy covers all those activities and the relationship that COFIDE has with its stakeholders, considering the responsible use of natural resources, as well as the new investments, products and services it offers.

To foster and promote COFIDE's vision, its strategy will be based on generating development through a triple impact result management, seeking to positively impact the economic, social and environmental areas. COFIDE's strategic direction was planned in order to contribute to Peru's development by promoting infrastructure, productive investment, as well as support for MSEs and entrepreneurship.

In addition, the organization fosters an innovative, socially responsible culture and human capital focused on excellence.

<p style="text-align: center;">Internal Sustainability Goals</p> <ul style="list-style-type: none"> • Ethics and compliance • Management Practices and Code of Good Corporate Governance • Human Management • Ecoefficiency 	<p style="text-align: center;">External Sustainability Goals</p> <ul style="list-style-type: none"> • Promotion of responsible investment • Transparency • Social and Environmental Risk • Credit Risk • Quality Management 
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2.7.1 Principles of sustainability strategy

- **Include environmental and social issues** in the relationship and definition of commitments with our different stakeholders, either through internal practices (ethics and compliance, management practices, etc.) or external ones (transparency, quality management, etc.).
- **Establish internal operational eco-efficiency actions** to reduce the use of water, energy and other resources in administrative practices; we also seek to reduce our carbon footprint.
- **Include practices, procedures and tools** for the identification, categorization, evaluation, management and monitoring of environmental and social risks in lending operations with partner financial institutions.
- **Seek to create responsible investment opportunities** through products and services that finance projects and operations generating positive environmental and social impacts.

In line with the identification and management of environmental and social risk, COFIDE's Sustainability Policy, as well as all practices, procedures and tools used for its compliance, are consistent with the International Finance Corporation's Performance Standards (IFC Performance Standards).

COFIDE has integrated sustainability into its internal processes and investment activities. Likewise, with the intention of being a key promoter of actions that contribute to the country's development, it participates in and promotes projects that comply with social and environmental standards.

2.7.2 Accreditation Process to Green Climate Fund (GCF)

COFIDE started the process of accreditation to the GCF in 2020 as part of the strategy to strengthen its responsible commitment to society and the environment and with the overall objective of reducing greenhouse gases (GHG) through the development of sustainable investment projects.

Thus, it has been working on the process of closing the gaps identified as part of this process. In 2021, COFIDE's information was uploaded to the Online Accreditation System (OAS), the GCF's digital platform for the evaluation process of applicant entities.

a. Benefits of accreditation:

- i. Access to credit lines of financing for projects directly related to:
 - Climate change mitigation: Reduction of greenhouse gases (GHG).
 - Adaptation to climate change: Increasing resilience to the impacts of climate change.
- ii. GCF funds do not require a sovereign guarantee.
- iii. Grants are an additional component in the financing (non-reimbursable fund that adds value to enhance the GCF proposal).
- iv. GCF resources for supervision and monitoring of project development. Approximately US\$ 1.5 million per project (non-reimbursable) for studies development.
- v. GCF can assume climate risks.
- vi. The operation as a second-tier bank in the channeling of its resources is not lost, nor is its fiduciary and risk-sharing role.
- vii. Legal agreements with room for negotiation.
- viii. The GCF has the following cross-cutting investment priorities, which are: sustainable cities, energy, agriculture, forestry, water, health and education.

Additionally, they are also committed with the highest sustainability standards, since they aim at prioritizing the development of projects and services that contribute to Vision 2050, proposed by the Centro Nacional de Planeamiento Estratégico (CEPLAN) and the United Nations Sustainable Development Goals (SDG).

As part of the sustainability strategy, focused on an articulation with state policies, COFIDE has been working on the design of products and programs, including: Financing Program for Sustainable Electric Transportation Solutions, Bioeconomy Program with the IDB, Financing Program for MSMEs and Renewable Energy and Energy Efficiency Projects with the EIB, Covid 19 Program - Green Reactivation in Peru and Renewable Energy and Energy Efficiency Program with the KFW⁹.





2.7.3 Inclusion and Entrepreneurship Programs

COFIDE is a socially responsible company that seeks to create value for all its stakeholders. In this sense, it has been implementing programs for financial education and inclusion and for the promotion and support of the innovation and entrepreneurship ecosystem such as: the Inclusive Rural Entrepreneurial Development Program (PRIDER), the services provided through the Entrepreneurial Development Center (Centro de Desarrollo Empresarial-CDE) and the Innovative Ventures Capital Fund (Fondo de Capital de Emprendimientos Innovadores-FCEI).

The objective of PRIDER is to improve the living conditions of rural families living in poverty by transforming their subsistence production systems into rural business units (called Credit and Savings Unions - UNICA) integrated into the market in a competitive and sustainable manner; while the main objective of the CDE is to promote and support the creation, consolidation, modernization, development and competitiveness of businesses, especially in the MSEs segment. In terms of support for the innovation and entrepreneurship ecosystem, we seek to implement actions to contribute to the development of innovative, dynamic, technological and high-impact ventures in the country, through the management of the Capital Fund for Innovative Entrepreneurship (FCEI) and the development of events to promote the entrepreneurial ecosystem in our country, among others.

In 2022, 58 UNICAs were generated in the regions of Cajamarca, Lima, Piura and San Martin, in alliance with strategic partners NEC Avanzar Rural, Fundación Ayuda en Acción - UNDP and TECHNOSERVE PERU-USAID. With this, the scope of the program was expanded to 149 UNICAs with an accumulated capital stock of US \$ 815 000 and 5 011 outstanding loans for US\$ 2 million.

In addition, it has a Business Development Center, where workshops are offered every week to train entrepreneurs. By the end of 2022, 14 625 users were trained in site and online.

In 2022, the US\$ 18 million Innovative Venture Capital Fund (FCEI) was launched to contribute to closing the gap in access to capital for innovative ventures. FCEI approved its first equity commitment to Salkantay Exponential Fund (SXF) in December 2021 and successfully signed the contract in January 2022. This investment responds to FCEI's role as an anchor investor in the local ecosystem.

2.7.4 Equity and Gender Policy and Committee

This Policy seeks to establish guidelines to: i) orient its strategic vision to include gender equality among its guiding principles; ii) be an equitable and inclusive organization that promotes diversity as a competitive and strategic advantage; and iii) incorporate the gender perspective in its products and services.

At the institutional level, this Policy encompasses the organizational culture and practices and the labor relations that COFIDE maintains with its collaborators. It also seeks to influence the corporate strategic vision.

At the operational level, the principle of mainstreaming supports the application of the gender approach in COFIDE's products and services. This will be done gradually through the implementation of Annual Activity Plans and under a sectorial prioritization criteria aligned with the corporation's vision and strategy.

In the year 2021, a Committee and a policy for gender equity were implemented to articulate and promote the incorporation of the gender perspective in institutional management. Thus, not only is the promotion of gender equity and equal empowerment strengthened, but this perspective is integrated into talent management and the actions of the business itself.

This Committee is a mechanism for coordination, articulation and oversight of gender mainstreaming in institutional policies and management, responsible for promoting the closing of gender gaps and equality between women and men, within the framework of the implementation and compliance with the national policy on gender equality in COFIDE. Likewise, it shall ensure that the gender perspective is mainstreamed in COFIDE's activities, products and services.

It is made up of Managers and Assistant Managers from the following areas:

- Human Management (Presidency)
- Planning Department (Technical Secretariat)
- Development and Innovation Management
- Marketing Department
- Business Management
- Risk Management



3. COFIDE Thematic Bond Framework

The purpose of this document is to describe the Framework for the issuance of COFIDE Thematic Bonds, which includes: (i) Green Bonds, (ii) Social Bonds, and, (iii) Sustainable Bonds, (iv) Blue Bonds, in the short, medium and long term, as part of the strategies undertaken by the institution to promote inclusive, sustainable and productive development in the country, based on what is stated in COFIDE's Sustainability Policy, the National Development Strategic Plan, as well as its contribution to the fulfillment of the Sustainable Development Goals (SDGs) of the 2030 Agenda of the United Nations in line with Peru's Nationally Determined Contributions (NDCs) to the Paris Agreement of the United Nations Framework Conference on Climate Change (UNFCCC).

Likewise, this Framework is aligned with the sustainability objectives outlined by the Government and shown in the reference framework issued by the Ministry of Economy and Finance in 2021, which allowed the issuance of the first Sovereign Sustainable Bond and serves as a guideline for the various government issuers, including COFIDE, by pointing out the priority issues to be addressed.

The Thematic Bond Framework establishes the obligations that COFIDE must comply with as an issuer and may be updated as needed. According to this framework, COFIDE can issue either short, medium or long term bonds:

Social Bonds

Where an amount equal to the funds raised will be used exclusively to finance and/or refinance eligible social projects and investments (see: 3.1.1 Eligible Social Categories).



Green Bonds

Where an amount equal to the funds raised will be used exclusively to finance and/or refinance eligible green projects and investments (see: 3.1.2 Green Eligible Categories).



Sustainable Bonds:

Where an amount equal to the funds raised will be used exclusively to finance and/or refinance eligible projects and investments that are within the Green and Social Eligible Categories.



Blue Bonds

Where an amount equal to the funds raised will be used exclusively to finance and/or refinance eligible projects and investments that preserve and protect oceans and their ecosystems.



This Framework was developed following the highest market standards. The eligible categories set out in this framework are aligned with the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines issued in June 2021 by the International Capital Markets Association (ICMA), and in line with ICMA's Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide (September 2023).



The four key components of these principles are:

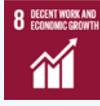
- Use of proceeds
- Project evaluation and selection process
- Management of Proceeds
- Monitoring and reporting

3.1 Use of Proceeds

COFIDE will use an amount equal to the net proceeds from any issuance under this Framework to finance and/or refinance eligible projects, loans and investments as defined below.

3.1.1 Social Eligible Categories

The following are the categories of eligible social projects and investments and their respective alignment with the Sustainable Development Goals (SDGs) and the National Strategic Development Plan to year 2050.

Eligible social categories	Eligibility Criteria	Benefits	Alignment to National Development Strategic Plan Perú towards 2050 ¹⁰	Priority SDGs
Social and financial inclusion of vulnerable groups	<p>Financing programs and projects to improve the financial and social inclusion of vulnerable groups in line with public policies for poverty reduction.</p> <p>It includes people living below the poverty line, low levels of education, older adults, and vulnerable youth¹¹.</p>	<ul style="list-style-type: none"> Facilitate access to formal credit for individuals through banks and other financial intermediaries. Achieve financial wellbeing and greater resilience for users through increased access to and use of financial products and services. 	National Objective 1: Achieve the full development of people's capabilities, leaving no one behind.	    
Access to essential services: affordable housing, education, healthcare services and water and sanitation	<p>Financing of actions and measures (projects and programs) aimed at improving education, housing and health with a focus on vulnerable groups.</p> <p>Financing for the acquisition, repair, expansion and improvement of social housing.¹²</p> <p>Financing of programs aimed at improving the quality of and access to basic, secondary and higher education for vulnerable girls, boys and young people.</p> <p>Financing for the development of preventive and treatment focused healthcare programs for vulnerable groups.</p> <p>Financing of water and sanitation programs, specially focused on access to clean drinking water</p>	<ul style="list-style-type: none"> Increase the quality of and access to affordable housing, education, water and sanitation and health services for vulnerable groups. Promote equitable access to essential services without discrimination based on gender, ethnicity, religion, socioeconomic status or others. 	National Objective 1: Achieve the full development of people's capabilities, leaving no one behind. National Objective 4: Guarantee a just, democratic, peaceful society and an effective State at the service of the people, based on dialogue, national consensus and the strengthening of institutions.	     

¹⁰ Approved by Supreme Decree 095-2022-PCM dated July 28, 2022, Centro Nacional de Planeamiento Estratégico-CEPLAN.

¹¹ The vulnerable groups defined in COFIDE's Strategic Plan are children, young people, the elderly and women. They are categorized according to the Household Targeting System (SISFOH), which uses a combination of socioeconomic, demographic, geographic and specific intervention criteria to identify individuals, households and groups in situations of poverty, vulnerability or exclusion: (<https://www.gob.pe/43465-ministerio-de-desarrollo-e-inclusion-social-el-sistema-de-focalizacion-de-hogares-sisfoh>).

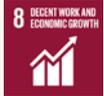
¹² Social housing is defined as housing of social interest (VIS) where housing is promoted by the State with the purpose of reducing the gap of the qualitative and quantitative housing deficit, where the maximum values are approved annually by Supreme Decree of the Peruvian Government.

Eligible social categories	Eligibility Criteria	Benefits	Alignment to National Development Strategic Plan Perú towards 2050	Priority SDGs
<p>Support to MSMEs for the use of financial services</p>	<p>Financing of programs aimed at supporting MSMEs¹³ as a result of socioeconomic and climate crises.</p> <p>Financing of financial inclusion programs for MSMEs</p> <p>Lines of credit or other financial support to MSMEs.</p>	<ul style="list-style-type: none"> • Prevent and reduce vulnerability to climatic factors. • Increase access to financing for MSMEs. • Regional development, increased competitiveness and productivity • Improve the knowledge of MSMEs in financial literacy, credit management and business administration. 	<p>National Objective 3: Raise competitiveness and productivity levels with decent employment and based on the sustainable use of resources, human capital, the intensive use of science and technology, and the country's digital transformation.</p>	   

¹³ COFIDE bases its categorization of micro, small or medium-sized enterprises on the provisions of the Regulations for the Evaluation and Classification of Debtors and the Requirement of Provisions of the Superintendency of Banking, Insurance and Private Pension Fund Administrators (https://www.sbs.gob.pe/portals/0/jer/pfrpv_normatividad/20160719_res-11356-2008.pdf).

3.1.2 Eligible Green Categories

The following are the eligible green investment and project categories and their alignment with the Sustainable Development Goals (SDGs) and the country NDCs.

Eligible Green Categories	Eligibility Criteria	Environmental Benefits	Alignment to NDC	Priority SDG
<p>Green Buildings</p>	<p>Financing and/or refinancing of loans and investments¹⁴ for the modernization of buildings with a minimum of 20% of energy saving evidenced with one of the following:</p> <ul style="list-style-type: none"> i. LEED Gold or Superior, EDGE, Mi Vivienda Verde Certifications. ii. Costs associated with modernization of existing buildings to improve the current certification level or to achieve one of the certification standards recognized by this framework within 3 years. 	<ul style="list-style-type: none"> • Energy savings • Water savings • GHG reduction 	<p>ECE-19: Promotion of sustainable construction in new buildings.</p>	   

¹⁴ Supreme Decree 003-2013-VIVIENDA, Regulation for the Management and Handling of Waste from Construction and Demolition Activities; Supreme Decree 019-2016-VIVIENDA, Modifies the Regulation for the Management and Handling of Waste from Construction and Demolition Activities, approved by Supreme Decree 003-2013-VIVIENDA; Supreme Decree 014-2021-VIVIENDA, Supreme Decree approving the Technical Code for Sustainable Construction; Supreme Decree 015-2012-VIVIENDA, Environmental Protection Regulations for projects linked to Housing, Urbanism, Construction and Sanitation Activities (includes amendments); Ministry Ruling 013-2015-VIVIENDA, Virtual Application for the Environmental Classification of Building and Sanitation Investment Projects.

Eligible Green Categories	Eligibility Criteria	Environmental Benefits	Alignment to NDC	Priority SDG
Renewable energy	Financing and/or refinancing of loans and investments related to ¹⁵ : <ol style="list-style-type: none"> Construction, operation and maintenance of non-fossil renewable energy source projects in the following types of investments: <ul style="list-style-type: none"> Wind energy¹⁶, Photovoltaic solar energy¹⁷, Thermal solar energy, Hydroelectric plants¹⁸ (less than 25 MW), Bioenergy¹⁹, Geothermal energy²⁰. Transmission infrastructure fully dedicated to support the electric power generation systems recognized as eligible by this general framework. Investments in solar and/or wind (onshore) energy projects that integrate energy generation and storage (batteries). 	<ul style="list-style-type: none"> GHG reduction Provision of long-term low-carbon infrastructure Promote energy generation from renewable sources. 	ECE-2: Electricity supply with renewable energy resources not connected to the network. ECE-23: Use of renewable energies and energy generation in sanitation service systems.	  

15 Legislative Decree No 1002-2008-Promotion of investment for the generation of electricity with the use of renewable energies. The Ministry of Energy and Mines shall establish every five (5) years a target percentage in which electricity generated from RER must participate in the national consumption of electricity, hydroelectric power plants not being considered in this target percentage. For the purposes of this Legislative Decree, RER are understood as energy resources such as biomass, wind, solar, geothermal and tidal. In the case of hydraulic energy, when the installed capacity does not exceed 20 MW. The established target is 5%. (Specific norms for renewable energy: https://minem.gob.pe/_detalle.php?idSector=12&idTitular=3094&idMenu=sub3006)

Supreme Decree 021-2012-EM, Approving the Regulations of Law N° 29852, which creates the Hydrocarbon Energy Security System and the Energy Social Inclusion Fund; Law 28832, Law to ensure the efficient development of electric energy; Law 27345, Law to promote the Efficient Use of Energy; Supreme Decree 053-2007-EM, Regulation of the Law for the Promotion of Efficient Energy Use; Ministry Ruling 038-2009-MEM/DM, Energy Consumption Indicators and their Monitoring Methodology; Supreme Decree 034-2008-EM, Measures for Energy Saving in the Public Sector.

16 Wind facilities must not have more than 15% of the electricity generated from non-renewable sources. Expenditures related to the production of electricity from wind energy will be considered eligible only when: (i) recycling is guaranteed at the end of its useful life based on waste management plans or decommissioning processes; for example, with contractual agreements: or (ii) it has an Environmental Management Instrument that includes a Closure Plan or Abandonment Plan.

17 Solar installations must not have more than 15% of the electricity generated from non-renewable sources. Expenditures related to the production of electricity from solar photovoltaic energy will be considered eligible only when: (i) durability and ease of dismantling, separability through accessibility and interchangeability of components, rehabilitation and recycling are guaranteed or (ii) it has an Environmental Management Instrument that includes a Decommissioning Plan or Abandonment Plan.

18 The facilities operate with life cycle emissions lower than 100gCO₂e/kWh

19 Eligible bioenergy expenses must comply with four conditions:

- The facilities operate over 80% of the reduction of GHG emissions in relation to the fossil fuel comparator.
- Demonstrate maintained or enhanced woody carbon stocks.
- Zero Deforestation Commitment
- For facilities producing electricity from biomass or biofuel, the electricity generated must have GHG emissions that do not exceed 100gCO₂e/kWh.

Eligible feedstocks for the purposes of this framework include all feedstocks except:

- Wood (and all woody biomass).
- Third generation biofuels
- Biodegradable Municipal Solid Waste, including sewage sludge and food waste.

As for feedstocks, these can only be based on agricultural residues which will be considered eligible only if accompanied by traceability confirming environmental and sustainable management or origin provenance aligned with best practices, not limited to certifications such as RSB/ISSC EU/BONSUCRO/RTRS. We would consider accepting future certifications that may arise based on market standards and meet the criteria described in the previously mentioned certifications. The production of biofuel feedstocks is not permitted in areas of high biodiversity.

20 Eligible expenses by geothermal energy must comply with the following condition:

- Gas source is renewable.

Eligible Green Categories	Eligibility Criteria	Environmental Benefits	Alignment to NDC	Priority SDG
Energy Efficiency	<p>Loans and investments for the improvement of energy efficiency in buildings, houses and businesses, including²¹:</p> <ol style="list-style-type: none"> i. Improvements in lighting, e.g., replacement with LED technology or new technologies. ii. Energy efficiency investments in buildings, houses and/or businesses that result in savings of more than 20%; this includes (but is not limited to) retrofitting, thermal insulation and/or air conditioning system upgrades. 	<ul style="list-style-type: none"> • Energy savings • GHG reduction 	<p>ECE-5: Replacement of High Pressure Sodium Vapor (HPV) public lighting lamps with LED lamps.</p> <p>ECE-8: Replacement of low efficiency lamps with LED lamps in the public sector.</p> <p>ECE-10: Energy efficiency in the industrial sector.</p> <p>ECE-11: Energy efficiency in the commercial sector.</p> <p>ECE-18: Energy efficiency through integrated interventions in the industrial manufacturing sector.</p>	  

²¹ Legislative Decree 1058, Promotes investment in the activity of electricity generation with water and other renewable resources; Technical Regulation on Energy Efficiency Labeling (RTEEE): establishes the energy efficiency labeling for energy equipment, as well as the technical requirements and energy efficiency ranges of the same. The Ministry of Energy and Mines establishes specific energy efficiency standards (<https://minem.gob.pe/detalle.php?idSector=12&idTitular=3094&idMenu=sub3006>). It also establishes specific standards on energy efficiency Ministry of Energy and Mines - Annexes of the Technical Regulation on Energy Efficiency Labeling - Energy Efficiency (minem.gob.pe).

Eligible Green Categories	Eligibility Criteria	Environmental Benefits	Alignment to NDC	Priority SDG
<p>Low-carbon Transportation</p>	<p>Financing and/or refinancing of costs related to²²:</p> <p>i. Construction, operation and maintenance of transportation projects with zero direct emissions, including their key components and supporting infrastructure in the following types of investments:</p> <ul style="list-style-type: none"> • Metro lines: new lines • Electric buses • Streetcars • Trains • Bicycle lanes • Freight infrastructure • Acquisition of hybrid vehicles, electric vehicles or alternative vehicles that promote the transition to a decrease in carbon emissions, with emissions of less than 75 gCO₂/passenger*km. <p>ii. Construction, operation and maintenance of infrastructure for clean transportation that includes::</p> <ul style="list-style-type: none"> • Infrastructure needed for clean transportation; such as electric charging points and grid connection upgrades. • Infrastructure and equipment (including fleets) for active mobility (walking, cycling, electric bikes and electric scooters). • Infrastructure mainly used for low carbon emissions transportation²³. 	<ul style="list-style-type: none"> • Improving air quality • Promoting the transition to clean transportation • Reducing GHG emissions by promoting low-carbon modes of transportation 	<p>ECM-27: Implementation of Lines 1 and 2 of the Lima and Callao subway.</p> <p>ECM-28: Promote Vehicle Natural Gas for light vehicles</p> <p>ECM-29: Promote of the use of cleaner fuels.</p> <p>ECM-30: Promote electric vehicles nationwide.</p> <p>ECM-33: National Sustainable Urban Transportation Program.</p>	   

22 Law 31313, Sustainable Urban Development Law; Supreme Decree 012-2019-MTC, National Urban Transportation Policy; Supreme Decree 027-2019-MTC, Supreme Decree that creates the National Program of Sustainable Urban Transportation; Executive President Ruling N° 24-2020-ATU/PE, Provide for the prepublication of the draft Regulation that Regulates the Provision of the Public Service of Special Transportation in Lima and Callao; Law 30936, Law that Promotes and Regulates the Use of the Bicycle as a Sustainable Means of Transportation; Supreme Decree 012-2020-MTC, Supreme Decree that approves the Regulation of Law 30936, Law that Promotes and Regulates the Use of the Bicycle as a Sustainable Means of Transportation, modifies the National Traffic Regulation, approved by Supreme Decree 033-2001-MTC and the National Regulation of Road Infrastructure Management, approved by Supreme Decree 034-2008-MTC; Ministry Ruling 0694-2020-MTC/01.02.

23 Only infrastructure that is essential for the operation of the transportation service will be considered. Investments will not be used to finance or refinance infrastructure dedicated to fuel transportation.

Eligible Green Categories	Eligibility Criteria	Environmental Benefits	Alignment to NDC	Priority SDG
<p>Natural resources, land use and marine protected areas</p>	<p>Eligible expenditures include the financing and refinancing of loans and investments related to construction, operation, maintenance, expansion, training and adaptation for the promotion of land use, biodiversity preservation and marine protected areas, including:</p> <ol style="list-style-type: none"> i. Sustainable forest management: Commercial management of natural forests for wood production through sustainable means as certified by the Forest Stewardship Council (FSC) or by the Programme for the Endorsement of Forest Certification (PEFC) and that have a Sustainable Management Plan. ii. Conservation and restoration programs for native and exotic forests. iii. Management and maintenance of national parks and conservation areas. iv. Protection and restoration of terrestrial and freshwater ecosystems, biodiversity, habitats, and soil and soil services. v. Infrastructure supporting²⁴ and linked to the forest sector supply chain and initial wood processing of projects eligible under this Framework: <ul style="list-style-type: none"> • Machinery and equipment to manage ecosystems and/or land. • Storage. • Information systems and other technologies. 	<ul style="list-style-type: none"> • Integrate conservation with sustainable use of natural resources, land use and marine protected areas through ecosystem services. • Climate change mitigation . • Conservation and sustainable use of terrestrial systems • Biodiversity conservation and protection of terrestrial and/or marine systems. 	<p>USCUSS-1: Sustainable Forestry Management in forestry concessions.</p> <p>USCUSS-2: Community Forestry Management</p> <p>USCUSS-3: Forest Conservation Mechanisms in Native Communities.</p> <p>PAC-10: Control, monitoring and fiscalization of management, regulation and conservation measures of hydrobiological resources for artisanal fisheries.</p>	 

²⁴ Electric power for machinery and planting equipment will be used to support eligible projects associated with this framework, as well as information systems and other technologies that support eligible activities.

Eligible Green Categories	Eligibility Criteria	Environmental Benefits	Alignment to NDC	Priority SDG
<p>Sustainable Agriculture</p>	<p>Eligible expenditures include the financing and refinancing of loans and investments related to²⁵:</p> <ul style="list-style-type: none"> i. Agricultural inputs, including seeds for agriculture practices considered eligible under this Framework. ii. Establishment or continued operation of agricultural production units with agroforestry and/or silvopastoral systems²⁶ that have one of the following certifications: <ul style="list-style-type: none"> • Sustainable Agriculture Rainforest Alliance • Round Table on Responsible Soy Association (RTRS) • EU Organic • USDA Organic • Japanese Agricultural Standards (JAS) Organic • ISEAL Code Compliance iii. Monitoring activities, management associated with information systems and other technologies (software). iv. Drip irrigation systems. v. Water-efficient irrigation systems including dripping, flooding and pivot systems. 	<ul style="list-style-type: none"> • Adaptation to climate change. • Climate change mitigation through GHG reduction. • Decrease the vulnerability of agricultural activity by improving resilience and adaptive capacity to climate change. • Increasing the resilience of natural ecosystems. • Improving knowledge and technologies for the sustainable use of biodiversity with sustainable agriculture. 	<p>USCUSS-7: Forest plantations for protection and/or restoration purposes.</p> <p>USCUSS-8: Agroforestry systems.</p> <p>AGU-1: Improvement and construction of reservoirs for the provision of water service for agricultural use.</p> <p>AGU-2: Implementation of interventions for planting and harvesting water.</p> <p>AGU-3: Implementation of hydraulic infrastructure for conduction, distribution and application of water for irrigation.</p>	   

25 Supreme Decree 017-2021 approving the National Agrarian Policy 2021-2030 incorporates the promotion of agroforestry as land use systems that combine agricultural and forestry activities; they consist of the integrated management of woody species, crops and/or animals in space and time in the same management unit to benefit from their ecological, economic and social interactions. Supreme Decree 019-2012-AG, Approving the Environmental Management Regulation for the Agricultural Sector.

26 Agroexport and/or agroindustrial companies must comply with the following international environmental and social standards:

- ISO 14001 standard.
- SMETA, GLOBALG.A.P., GRASP international standards, depending on the project.
- Water resource management aligned with Alliance for Water Stewardship (AWS) standards.
- SMETA certification for compliance with water use permits.

Eligible Green Categories	Eligibility Criteria	Environmental Benefits	Alignment to NDC	Priority SDG
Sustainable waste management	<p>Eligible expenditures include financing and refinancing of loans and investments related to²⁷:</p> <p>i. Construction, operation and maintenance of non-hazardous waste collection, sorting, selection and disposal facilities²⁸ to prepare them for reuse and/or recycling.</p> <p>ii. Acquisition, operation and/or maintenance of waste collection vehicles, provided that they meet the low carbon transportation criteria defined in this framework.</p> <p>iii. Green/garden yard waste processing facilities²⁹ to produce compost for use in agricultural, municipal or consumer fields with an Environmental Management Instrument, if applicable.</p> <p>iv. Projects to capture biogas from closed landfill facilities³⁰.</p>	<ul style="list-style-type: none"> • Circular economy • GHG reduction • Improved Air Quality 	<p>DES-1: Construction of sanitary landfills with semi-aerobic technology.</p> <p>DES-2: Segregation of organic solid waste for its material valuation in composting plants.</p> <p>DES-3: Construction of sanitary landfills with capture and ashy biogas burning.</p>	 

27 Legislative Decree No. 1278, Law on Integral Solid Waste Management; Supreme Decree No. 014-2017, Regulation of the Law on Integral Solid Waste Management; Supreme Decree No. 001-2022-MINAM, Supreme Decree amending the Regulation of Legislative Decree No. 1278; Regulation of Law 29419, Law that regulates the activity of recyclers, approved by Supreme Decree No. 005-2010-MINAM; Supreme Decree 024-2021-MINAM, Supreme Decree that approves the Special Regime for Management and Handling of End-of-Use Tires; Supreme Decree No. 009-2019- MINAM that Approves the Special Regime for Management and Handling of Waste Electrical and Electronic Equipment.

28 It includes non-hazardous materials with high recycling potential such as paper, cardboard, glass, non-hazardous plastics, among others.

29 They consider facilities that produce compost from green waste such as food scraps, garden or yard waste that meet measurable zero methane emissions and that the resulting products are not landfilled.

30 The following conditions must be met:

1. Gas capture 75%.
2. Gas is used to generate electricity and/or fed into the natural gas grid and/or used as vehicle fuel.

3.1.3 Eligible Blue Categories

Eligible Blue Categories	Eligibility Criteria	Environmental Benefits	Alignment to NDC	Priority SDG
<p>Efficient and resilient water and wastewater management</p>	<p>Eligible expenditures include financing and refinancing of loans and investments related to construction, operation, maintenance, expansion and retrofitting for efficient water and wastewater management and ensure water supply, including³¹:</p> <ul style="list-style-type: none"> i. Infrastructure and systems to improve the efficient and sustainable management of water and wastewater in accordance with the requirements and objectives of the National Strategy for the Improvement of the Quality of Water ii. Wastewater management: Installation or improvement of wastewater treatment infrastructure; including conveyance, treatment and disposal systems. iii. Conservation of water resources, including protection of water catchment areas and prevention of pollution affecting water supplies. iv. River flood defense systems, including the construction of reservoirs for the control of water flows. v. Monitoring systems, including smart grids, drought early warning systems, flood early warning systems, water quality monitoring processes. 	<ul style="list-style-type: none"> • Promote the protection of water resources • Reduce GHG emissions • Conservation of water resources • Adaptation to climate change • Reducing water consumption 	<p>AGU-5: Technical assistance and capacity building for agricultural producers for sustainable water use.</p> <p>AGU-10: Implementation of a support service for the evaluation of the effects of climate change on hydroelectric resources for planning purposes.</p> <p>AGU-11: Increase formal water availability in urban areas vulnerable to climate change.</p> <p>AGU-13: Expansion, optimization and/ or improvement of the production capacity of potable water systems.</p> <p>AGU-15: Implementation of redundant infrastructure in water supply systems.</p> <p>AGU-24: Implementation of water saving technologies in urban areas.</p> <p>AGU-28: Implementation of water resources quality monitoring and surveillance.</p> <p>AGU-30: Implementation of information services for multisectoral water resources planning and management.</p> <p>DES-8: Use of treated wastewater and biosolids.</p>	

31 With no net GGE emissions.

Eligible Blue Categories	Eligibility Criteria	Environmental Benefits	Alignment to NDC	Priority SDG
<p>Sustainable fishing and aquaculture</p>	<p>Eligible expenditures include financing and refinancing of loans and investments³² related to:</p> <ul style="list-style-type: none"> i. Artisanal fisheries and farmed fishes. ii. Aquaculture activities. iii. Infrastructure supporting and linked to the supply chain of the fisheries and aquaculture sector of the projects eligible under this Framework: <ul style="list-style-type: none"> a. Machinery and equipment for managing and harvesting in fish farms and fisheries. b. Onshore and offshore fish processing, storage and supply chain facilities. iv. Information systems and other technologies. 	<ul style="list-style-type: none"> • Increase the resilience of marine and coastal ecosystems. • Improve knowledge and technologies for the sustainable use of biodiversity with sustainable fisheries. • Promote the recovery and conservation of fishery resources. • Improve capabilities for the design, implementation, monitoring and evaluation of climate related to fisheries as an adaptation to climate change. • Increase productivity through resilient fisheries systems. • Promote the creation of alternative livelihoods and development of climate resilience for non-dependence on fisheries. 	<p>PAC3: Strengthening of early warning systems in case of extreme weather events.</p> <p>PAC5: Strengthening of the real-time ocean condition and market information system.</p> <p>PAC10: Control, surveillance and fiscalization of the measures for the administration, regulation and conservation of hydrobiological resources for artisanal fishing.</p> <p>PAC 12: Strengthening the aquaculture management in a context of climate change.</p> <p>PAC 17: Implementation of technological knowledge to the aquaculture species production chain vis-à-vis the climate change.</p>	   

³² Projects must have one of the following certifications: Marine Stewardship Council (MSC), Best Aquaculture Practice (BAP) with a rating of at least 2 stars, Seafood Watch Standard for Aquaculture with a level of at least Best Choice and Aquaculture Stewardship Council (ASC).

3.2 Project evaluation and selection process

The evaluation and selection process for projects and investments eligible for funding under this Thematic Bond Framework will ensure that resources are allocated to projects and investments that meet the criteria defined in the Use of Proceeds section of this Framework. It will also ensure that the funds do not finance other activities outside the eligible projects or included in COFIDE's Exclusion List. (Annex 1: COFIDE Exclusion List³³). In addition, projects related to palm oil extraction and projects identified as Category A (high impact) by COFIDE's Social and Environmental Risk Management System (SARAS – Spanish acronym) will also be excluded. General details of COFIDE's SARAS can be found in the following sections. f.

3.2.1 Management Committee

All projects financed by COFIDE must have a triple impact strategy in the economic, social and environmental spheres, and are reviewed by the Management Committee (with the exception of intermediation loans). This committee will have a section to review future green and social projects financed by COFIDE, which must meet the eligibility criteria established in the Thematic Bond Framework. The committee holds meetings every 15 days to determine eligible projects and the decisions made up by the committee will be included in the minutes issued in each meeting.

3.2.2 Social and Environmental Risk Management System (SARAS)

SARAS was implemented in 2016 and has a Manual that has made it possible to establish the Environmental and Social Risk Management Policy, organizational structure, methodologies and procedures to manage this type of risk in credit operations with final debtor and financial intermediary risk that may have an impact on the community and on the increased credit risk of the portfolio. COFIDE's Manual follows the general guidelines established in the Standard of the Superintendency of Banking, Insurance and Financial Institutions and Pension Fund Administrators 1928-2015³⁴ issued in March 2015. Furthermore, its Social and Environmental Risk Management is based on IFC Performance Standards, Principles of Ecuador³⁵, and other social and environmental practices.

Scope of application of the SARAS, for all credit operations under COFIDE's responsibility that finance business activities, directed to the final debtor or to financial intermediaries.

SARAS allows COFIDE to classify the projects it finances into three categories depending on the level of risk associated with the project.

<p style="text-align: center;">Category A (High Impact)</p> <p style="text-align: center;">Operations, activities or projects that may generate adverse, cumulative and/or synergistic environmental and social impacts of quantitative and/or qualitative significance and that may also be diverse, irreversible and unprecedented.</p>	<p style="text-align: center;">Category B (Medium impact)</p> <p style="text-align: center;">Operations, activities or projects that may generate adverse environmental and social impacts that are limited and reversible through mitigation measures (less complex than category A).</p>	<p style="text-align: center;">Category C (Low impact)</p> <p style="text-align: center;">Operations, activities or projects that pose minimal or no adverse environmental and social risks and/or impacts.</p> <div style="text-align: center;">  </div>
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33 This exclusion list does not apply to financial intermediation disbursements; it should be noted that COFIDE assures that the resources will be used for eligible projects.

34 https://intranet2.sbs.gob.pe/intranet/INT_CN/DV_INT_CN/1660/v1.0/Adjuntos/1928-2015.r.pdf

35 EP4_Spanish (equator-principles.com)

Roles and responsibilities for SARAS

Área	Key responsibility
Risk Management Division Admission Department Follow-up Department	Responsible for social environmental risk management
Business Management Department	Support to social environmental management
Legal Advice Department	Support to social environmental management
Internal Audit Unit	Support to social environmental management
Human Resources and Management Department	Responsible of internal sustainable initiatives and support to social environmental risk management
Communications, Institutional Relations and Marketing Department	Responsible of relations with stakeholders

Social and environmental risk reports

At an internal level

Environmental and social risk assessment report submitted to the Risk Committee.

Frequency: Annual

At an external level

Environmental and social risk assessment report submitted to the Superintendency of Banking, Insurance and Pension Fund Administrators.

Frequency: Annual



3.3 Management of Proceeds

The net resources of COFIDE's thematic bonds will be used to finance and/or refinance, partially or totally, new and/or existing eligible green and/or social project and/or loan categories. These categories correspond to loans granted by COFIDE, which meet the following characteristics:

They were disbursed during the 24 months prior to the bond issuance date; or will be disbursed up to 24 months after the bond issuance date.

COFIDE's Finance Division will be in charge of managing the net funds resulting from the issuance of the thematic bonds, which will be allocated to refinance existing eligible green and/or social projects and/or credits or to finance new eligible projects.

Unallocated net proceeds will be credited to a sub-account and held in cash or invested in short-term, highly liquid and highly rated instruments until fully allocated to new eligible projects and/or credits within a period not exceeding 12 months. Net proceeds resulting from divestments or repayments will be applied to new eligible projects.

In addition to the above, the Finance Division will apply its traceability system through the annual monitoring of the sub-account to track and update the balance of funds allocated to eligible projects and/or loans on an annual basis. In the event that a project is no longer eligible, it will be replaced by another eligible project previously approved by the Management Committee. The replacement will be made in the shortest time possible (before one year) and this change will be evidenced in the annual allocation and impact reports.

3.4 Monitoring and Reporting

COFIDE will provide investors with an Annual Report with information on the Allocation and Impact of the financed credits and projects, for all bonds issued under this Thematic Bond Framework. This information will be published on COFIDE's website: <https://www.cofide.com.pe/>. The first report will be published the year following the date of issuance.

The team in charge of compiling the relevant information will be the Risk Management Division, the Business Management Department and the Finance Division and the Marketing, Communication and Sustainability teams will be in charge of preparing the thematic bonds reports.

3.4.1 Allocation Report

COFIDE commits to make its best effort to provide information to investors and interested parties on the allocation of resources at least until the full allocation of funds, in the form of an annual Allocation Report, including:

- A brief description of the projects and/or credits.
- Amounts disbursed per eligible green and/or social category.
- Percentage of funds allocated by eligible green and/or social category.
- Percentage of funds allocated for financing and refinancing.
- Remaining balance of unallocated revenues.

In the event that confidentiality agreements, competition considerations, or financial intermediaries are not in a position to provide some of this data, COFIDE will present the information in general terms or on an aggregate portfolio basis (e.g., the percentage allocated to certain categories of projects).

3.4.2 Impact Report

COFIDE through its Marketing area with the support of the Business Management and/or Risk Management, if applicable, will make its best effort to prepare and publish an Annual Impact Report at least until the full allocation of resources, aligned with the Harmonised Framework for Impact Reporting of ICMA. COFIDE will consolidate the information on social and/or environmental indicators reported by COFIDE on the projects financed through the thematic bond issued. If information is available, the impact report may include:

- The expected environmental and/or social impact of the projects and/or credits; qualitative and quantitative information will be included.
- The methodology and underlying assumptions used to prepare the impact indicators to be disclosed.
- At least one indicator will be reported for each eligible category. For the impact indicators, tables 2 and 3 will be used as reference. Other relevant indicators may be included in each project, if applicable.

Table 2: Social Impact Indicators

Eligible Social Categories	Impact Indicator
Financial and social inclusion of vulnerable groups	<ul style="list-style-type: none"> • Total number of beneficiaries broken down by gender • Number of beneficiaries for each social and/or financial inclusion program developed • Number of MSMEs beneficiaries
Access to essential services: affordable housing, education, healthcare services and water and sanitation	<ul style="list-style-type: none"> • Number of homes built broken down by new or improved houses • Number of beneficiaries broken down by health service implemented. • Number of houses built broken down by region. • Number of beneficiaries broken down by water and sanitation services implemented.
Support to MSEs for the use of financial services	<ul style="list-style-type: none"> • Number of beneficiary MSMEs • Number of beneficiary MSMEs led by women • Number of loans to MSMEs through COFIDE financing funds

Table 3: Green Impact Indicators

Eligible Green Categories	Impact Indicator
Green Buildings	<ul style="list-style-type: none"> • Estimated annual ex ante energy savings (in MWh) • Annual GHG emissions in tons of CO₂ equivalent avoided. • Number of buildings with green certification, indicating the specific level of certification obtained. • Number of residents benefited.
Renewable Energy	<ul style="list-style-type: none"> • Installed renewable energy capacity (in MW) • Annual renewable energy generation (MWh) • Estimated annual GHG emissions reduced/avoided (in tons of CO₂ equivalent) • Number of people, population and/or communities benefited by the Project • Other relevant indexes bases on considered projects
Energy Efficiency	<ul style="list-style-type: none"> • Number of efficient equipment and systems installed • Estimated annual ex ante energy savings (in MWh) • Estimated annual GHG emissions reduced/avoided (in tons of CO₂ equivalent) • Number of people, population and/or communities benefited by the project • Other relevant indexes based on the projects considered
Low-carbon Transportation	<ul style="list-style-type: none"> • Number of low carbon vehicles deployed by type of transport (e.g., number of trains/trams) • Number of users served • Number of vehicles replaced by hybrids, electric or NGVs • Estimated annual GHG emissions reduced/avoided (in tons of CO₂ equivalent/ passenger * km) • Number of people, population and/or communities benefited by the project • Other relevant indicators based on the projects considered
Sustainable agriculture	<ul style="list-style-type: none"> • Area (ha) cultivated by agroforestry and/or silvopastoral systems • Area (ha) of plantations and natural forest under active monitoring • Area (ha) cultivated with drip irrigation system • Area (ha) cultivated with organic fertilizers • Area (ha) of rice converted to other crops • Area (ha) of rice cultivated with intermittent drying systems • Number of people, population and/or communities benefited by the project • Other relevant indicators based on the projects considered

Eligible Green Categories	Impact Indicator
Waste sustainable management	<ul style="list-style-type: none"> • Number of waste treatment plants for the recovery of waste • Tons of waste collected, sorted and recovered • Tons of waste recycled • Number of people, population and/or communities benefited by the project. • Other relevant indicators based on the projects considered
Natural resources, use of soils and protected marine areas	<ul style="list-style-type: none"> • Area of land or ocean conserved/recovered (km²) • Area (km²) of marine/forest reserve under active monitoring. • Other relevant indicators based on projects considered

Eligible Blue Categories	Impact Indicator
Sustainable Fishing and aquiculture	<ul style="list-style-type: none"> • Area of ocean conserved/recovered (km²) • Number of people, population and/or communities benefited by the project • Other relevant indicators based on the projects considered
Efficient and resilient management of water and waste water	<ul style="list-style-type: none"> • Volume of water treated (m³) • Annual volume of drinking water in m³/ • Other relevant indicators based on the projects considered • Number of people, population and/or communities benefited by the project

3.4.3 External Audit

COFIDE commits to make its best effort to hire an independent external auditor to ensure that the Allocation and Impact Reports comply with the specifications of this Thematic Bond Framework. This process will be carried out at least in the first annual report of each thematic bond.

3.5 Second Party Opinion

In accordance with international best practices for Sustainable Bond issuances, COFIDE will seek to obtain a second party opinion (SPO) of this Framework from an external provider. In the event that any section of the Sustainable Bond Framework is modified in the future, COFIDE is committed to obtaining a new second party opinion to ensure the transparency of its issuance and that the Framework remains compliant with ICMA standards.



4. Annex

Annex: COFIDE Exclusion List

COFIDE will not participate, directly or indirectly (through financial intermediaries) of the activities listed below:

Generally speaking:

COFIDE does not participate in production processes or trade of any product or activity that is considered illegal under the Peruvian laws or regulations or under ratified international conventions and agreements, including conventions/legislation related to the protection of biodiversity resources or cultural heritage³⁶.

And specifically the following types of activities:

- **Where there is non-compliance with the fundamental principles and rights of workers:**

"Production or activities involving forms of forced or compulsory or exploitative labor, or hazardous child labor, or discriminatory practices in respect of employment and occupation or which prevent employees from freely exercising their right of association, freedom of association and the right to collective bargaining"³⁷.

- **Sectors with negative social perception:**

Prostitution and any business whose main activity is related to pornography;

Manufacture or trafficking of weapons and ammunition (security companies that purchase small arms and their ammunition for their own use and with no intention of reselling them may be excluded);

Tobacco production or trade;

Production of or trade in alcoholic beverages (excluding beer, wine, pisco and/or other declared as national alcoholic drink);

Production of or trade in drugs³⁸;

Gambling, casinos and other similar activities.

- **Production of or trade in products hazardous to human and ecosystem health:**

Production or trade of radioactive materials³⁹;

Production or trade of non-agglomerated asbestos fibers;

Manufacture or sale of products containing biphenylpolychlorinated biphenyls. (BPC);

Transboundary trade in wastes or waste products, except non-hazardous wastes for the purpose of recycling⁴⁰;

Production or trade of pharmaceutical specialties subject to international phase-out or ban⁴¹;

36 Bonn Convention (Convention on the Conservation of Migratory Species of Wild Animals), Ramsar Convention (Convention on Wetlands of International Importance, especially Waterfowl Habitat, Convention on European Wildlife and Natural Habitats (Bern Convention), World Heritage Convention and Convention on Biological Diversity.

37 ILO Declaration on Fundamental Principles and Rights at Work and the principles of the following conventions: ILO 29 AND 105 (forced and slave labor), 87 (freedom of association, 98 (right to collective bargaining), 100 and 111 (discrimination), 138 (minimum age), 182 (worst forms of child labor) and Universal Declaration of Human Rights.

38 1961 Single Convention on Narcotic Drugs, as well as the yellow list of the International Narcotics Control Board. (INCB).

39 Not applicable to the purchase of medical equipment or equipment where the radioactive source is minimal or adequately shielded.

40 Basel Convention on transboundary transport of products or wastes.

41 According to the Rotterdam Convention, the Stockholm Convention and the WHO document "Pharmaceuticals: Restrictions in Use and Availability", "Pharmaceuticals: Restrictions in Use and Availability".

Production or trade of pesticides or herbicides subject to phased withdrawal or ban at the international level and persistent organic pollutants (POPs)⁴²;

Production of or trade in ozone-depleting substances subject to phased withdrawal at international level⁴³;

Shipment of oil or other toxic substances in tankers that do not comply with the requirements of the International Maritime Organization;

Production, trade, storage or transport of significant volumes of hazardous chemicals, or use of hazardous chemicals on a commercial scale;

Artisanal trade with protected biological species;

Trade in precious metals and minerals resulting from illegal mining;

Nuclear power plants (except for measures that reduce environmental risks of existing plants) and mines with uranium as an essential source of extraction;

Coal prospecting, exploration and mining; overland transportation and essential infrastructure used for coal; power plants, heating stations and cogeneration plants that run essentially on coal as well as related facilities.

- **Activities that harm the health of natural ecosystems:**

Production or trade of timber products or other forest products from forests in humid tropical rainforest regions without the corresponding authorizations from the relevant national authority⁴⁴ or the corresponding sustainable environmental management plan;

Trade in endangered species of wild flora and fauna or species regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)⁴⁵ or products derived from them;

Activities involving the introduction of genetically modified organisms into the natural environment, if the respective authorization from the competent authority or where the relevant authority has declared itself GMO-free;

Construction of hydrological (mini) dams without appropriate environmental impact assessment⁴⁶;

Activities to be developed in areas protected by national law or international conventions⁴⁷ (and its buffer zones) that do not have the relevant authorization by the relevant national authority; o

Fishing with destructive methods⁴⁸ or fishing with driftnets in the marine environment using nets longer than 2.5 km.

42 They include the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex and toxaphene, as well as the industrial chemical chlorobenzene (www.pops.int).

43 List of ozone depleting substances (ODS) covered by the Montreal Protocol: Chlorofluorocarbons (CFCs), Hydrochlorofluorocarbons (HCFCs), Methyl bromide, Halons, Hydrobromofluorocarbons (HBFCs), Bromochloromethane, Methyl chloroform, Carbon tetrachloride.

44 It refers to a government entity or institution designated by a country to play a specific and authorized role in the regulation, supervision or enforcement of environmental and social laws and regulations. These authorities are responsible for ensuring compliance with regulations and standards within their scope and jurisdiction.

45 The List of CITES Peru Wildlife Species can be found at <https://www.minam.gob.pe/simposio-peruano-de-especies-cites/wp-content/uploads/sites/157/2018/08/Listado-FAUNA-CITES-FINAL.pdf> and https://cdn.www.gob.pe/uploads/document/file/475307/Listado_Flora_CITES_Perú_2018.pdf

46 According to the list of projects that enter the National Environmental Impact Assessment System (SEIA – Spanish acronym), dams of more than 10 meters of height with a capacity of more than 3 million cubic meters require an Environmental Management Instrument. If the dam does not require an Environmental Management Instrument, a social and environmental impact assessment must be made as part of the environmental and social due diligence.

47 International agreement, treaty or convention is a formal agreement entered into between 2 or more countries or international entities, establishing mutual commitments and obligations in areas ranging from trade and economic cooperation to peace, security, human rights, environment, among others.

48 Dynamite fishing, trawling and/or drift or barrier nets.

- **Activities against the will of the population:**

Activities that affect the lands owned or claimed by indigenous peoples⁴⁹, without the full documented consent of such peoples, without due preliminary consultation process⁵⁰ and approval of the relevant authority, as the case may be;

Activities in territories restricting the access to lands and/or rivers used by indigenous or native peoples for subsistence activities such as cattle grazing, hunting or fishing without performing the preliminary consultation process and approval of the relevant authority, as the case may be;

Activities involving involuntary resettlement of indigenous or native peoples.⁵¹

- **Applicable to microenterprise activities:**

Production, trade, storage or transportation of significant volumes of hazardous chemicals, or use of hazardous chemicals⁵² on a commercial scale.

49 Indigenous or original peoples are those collectives that have their origin in times prior to the State, that take place in this country or region, that conserve all or part of their distinctive institutions, and that, in addition, present the collective conscience of possessing an indigenous or original identity. The list of indigenous or original peoples can be found at <https://bdpi.cultura.gob.pe/pueblos-indigenas#:~:text=Los%20pueblos%20ind%C3%ADgenas%20u%20originarios,una%20identidad%20ind%C3%ADgena%20u%20originaria>

50 For more information on the prior consultation process please refer to the following link: <https://consultaprevia.cultura.gob.pe/que-es>

51 In the event that other types of populations are affected, the corresponding authorizations from the competent national authority are required, as well as a compensation plan to reduce the negative impact in order to reestablish as much as possible the physical infrastructure and the basic economic and socio-cultural system of those affected, considering an opportunity for economic development.

52 The list of dangerous goods can be found in the United Nations Orange Book. https://unece.org/DAM/trans/danger/publi/unrec/rev17/English/Rev17_Volume1.pdf

The content of this Framework was prepared by COFIDE
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